

ACCOUNTING PROCEDURE

TOPIC: Section 8--Capital Assets 1.04	EFFECTIVE DATE: 3/28/01
TITLE: Annual Physical Inventory	REVISION DATE: 9/24/04
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Assets \$5,000 and Over

Bureau of Fiscal Services (BFS) requires the completion of an annual physical inventory of all capital assets for the following reasons:

- To ensure proper reporting of the Department's audited financial statements
- To ensure proper internal controls

Department of Health and Family Services (DHFS) Organizations are responsible for conducting their own physical inventories by June 30th. BFS/Special Services & Financial Statements (SSFS) will provide an Inventory listing of the capital assets in the Microsoft Access Capital Asset Database. All additions, deletions, or changes to the Inventory listing should be submitted on the appropriate forms to BFS/SSFS according to [Section 8--Capital Assets 4.0](#) (Year-End Capital Asset Reporting). DHFS Organizations are required to submit the completed Physical and Capital Inventory Compliance Certification (DMT-464) to BFS/SSFS by August 1st. See [Section 8--Capital Assets 4.0](#) (Year-End Capital Asset Reporting).

Assets \$1,000 to \$4,999.00

A physical inventory must be conducted of non-capital assets and all Information Technology (IT) assets regardless of acquisition cost, at least once a year (or more frequently at the discretion of the organization's management). All items unable to be located should be investigated, resolved and a record of the disposition retained. Physical inventory records should be retained for external or internal audit purposes and for documentation of equipment transfers and disposals. Each organization is responsible for completing physical inventories of non-capital assets, including IT assets.

REFERENCES

[DHFS APP Section 8--Capital Assets 4.0](#) (Year-End Capital Asset Reporting)

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